**[The grand delusion](https://www.dawn.com/news/1829945/the-grand-delusion)**

[Sakib Sherani](https://www.dawn.com/authors/436/sakib-sherani) Published April 27, 2024 Updated about 6 hours ago

A LONG-STANDING narrative has been in play in the country that Pakistan’s myriad development challenges and sub-Saharan African under-performance have been entirely due to a weak economy. This narrative does not explain, however, why the economy has remained a serial non-performer over a protracted period. What differentiates Pakistan from India on this count, for example?

The ‘it’s the economy, stupid’ argument has spawned several variants in terms of policy prescriptions since the 1990s, ranging from the so-called Bangladesh model, charter of the economy, to the national security policy — each reducing Pakistan’s foundational governance failure to the failure of one part of the whole ‘system’. The root causes have been variously listed as a lack of ‘elite consensus’, the absence of a ‘charter of the economy’, a missing ‘national government’, to poor ‘regional connectivity’ and not according primacy to ‘geo-economics’. Since 2022, ‘coordination failures’ has been added to the list.

More recently, a rehashed version of the Bang­la­desh model has surfaced as the panacea to Pak­is­tan’s problems, calling for a government of ‘experts’ under explicit army rule for a period of 10 years. Apart from the fact that the timing of this narrative is suspect, coming as it does in the wake of highly controversial and disputed national elections where an egregious denial of the people’s mandate took place, the narrative itself is deeply flawed and riven by internal contradictions.

Each of the purported solutions to Pakistan’s challenges are either red herrings at best, or facile arguments to divert attention from the 800-pound gorilla in the room: Pakistan has been poorly governed by an extractive elite that includes both civilians as well as non-civilians. Without a foundational change in how this elite behaves and functions, and without a change in behaviour of its international support system, there is little hope for fundamental reform leading to a lasting improvement in the economy.

Economic survival, let alone revival, can no longer be divorced from political reform.

A useful starting point to deconstruct the argument at hand is by asking a simple question: is Pakistan in the condition it is in simply because the economy has performed poorly, or, has the economy performed poorly because of the way Pakistan has been governed? In other words, it is more than the economy in Pakistan that is broken and needs to be fixed.

Hence, it is no coincidence that Pakistan ranks 130th out of 142 countries in the World Justice Project’s 2023 Rule of Law Index, or in the 23rd percentile for control of corruption in the Worldwide Governance Indicators. Or has the highest number of out-of-school children in the world, or the highest rate of stunting for children under-five years. Or ranks an abysmal 164th on the UNDP’s Human Development Index.

These failures are not coincidental, and cannot be looked at through the narrow prism of a faltering economy, completely in isolation from the issue of governance. There is a common thread that weaves through these sorry statistics: a disinterested and ‘extractive’ elite. In essence, the country faces a classic principal-agent problem, where a toxic governance model has been in play for 77 years that has caused entropy, affecting not just the economy but all facets of the polity.

The argument for authoritarian governments can be further deconstructed on several levels. The first is international experience. While Singapore, South Korea and China are routinely cited as shining examples of the economic wonders of non-democratic set-ups, an unending list of autocratic basket cases from history, such as North Korea, Myanmar, Egypt, Nigeria, the Philippines, Tunisia, the Democratic Republic of Congo (formerly Zaire), Haiti, Peru, Guatemala, Nicaragua, Venezuela, etc are never mentioned. Much of Africa and Latin America has remained chronically poor under the yoke of dictatorships.

Rather than the form of government, the differentiating factor between a small band of fast-developing emerging economies and the rest, is the nature of the governing elite present in these countries. This is in line with the Acemoglu-Robinson hypothesis. An ‘inclusive’ elite under autocratic or democratic set-ups will always trump an ‘extractive’ elite under either system.

The other simplistic assumption underpinning the argument is that the ruling elite in Pakistan is factionalised, with a ‘good’ faction waiting to rescue it. This is completely contrary to the facts on the ground, as proven so dramatically by developments since April 2022. The ruling elite, whether civilian or non-civilian, is a unified whole, bound by deep intertwined political, social, familial, marital, economic, commercial and financial interests. The misrule in Pakistan has happened under the collective watch of the ruling elite, with the privileges, perks, pelf and patronage of the system-of-spoils put in place benefiting all segments of this sliver of the population.

Much else is wrong with the argument. A large part of the infrastructure for well-functioning markets is tied to establishing and enforcing ‘rules’ — such as property rights, contract enforcement, fair and equitable taxation, non-discriminatory treatment by regulators, protection from expropriation, safeguards against unilateral and retroactive changes in policies, protection from corruption, among others.

This market infrastructure, in turn, is provided by a strong institutional framework. Under conditions of strong elite capture, the kind Pakistan has experienced and is experiencing, an inevitable corollary is institutional atrophy — the exact opposite of a robust institutional framework. Extractive elites have weak incentives to strengthen institutions that can provide effective checks and balances to their misrule.

Finally, Pakistan’s own history and experience with numerous previous failed attempts by autocrats to ‘fix’ the economy bears testimony to the weak foundations of the argument for autocratic rule.

The bottom line? Status quo insiders have little incentive to change. In other words, expecting an improvement under an elite under whose watch Pakistan has been brought to this sorry pass is the triumph of hope over experience.

Pakistan’s only hope is the democratic displacement of the ruling elite, beginning with giving true voice and participatory representation to the citizens of Pakistan, and respecting the people’s mandate delivered in elections. Arguments for ignoring the collective expressed will of the people are agenda-driven and self-serving — and are on the wrong side of history as well as wider development experience.

*The writer has been a member of several past economic advisory councils under different prime ministers.*

*Published in Dawn, April 27th, 2024*